

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

APPEAL UNDER SECTION 109 No 15 of 1993

For Approval and Signature:

Hon'ble MR.JUSTICE R.BALIA.

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1. Whether Reporters of Local Papers may be allowed to see the judgements? Yes
2. To be referred to the Reporter or not? Yes
3. Whether Their Lordships wish to see the fair copy of the judgement?
4. Whether this case involves a substantial question of law as to the interpretation of the Constitution of India, 1950 of any Order made thereunder?
5. Whether it is to be circulated to the Civil Judge?
3 to 5 No

ESHAN PHARMACEUTICALS PVT.LTD.

Versus

BEECHAM GROUP P L C

Appearance:

MR RR SHAH with Mr. Harshil R. Shah for appellants
MRS MINOO A. SHAH with GN SHAH for Respondent No. 1
Respondent No. 2 served.

CORAM : MR.JUSTICE R.BALIA.

Date of decision: 06/08/98

ORAL JUDGEMENT

1. This Appeal is filed against the order dated 31st March, 1993 rejecting the application of the appellants for registration of word 'AMOXIM' as trade mark in respect of medicinal and pharmaceutical preparations moved by them.

2. An application was moved by appellants on 3rd August, 1987 and was registered as No.476200 for registration of the word AMOXIM as trade mark claiming its user since 29th October, 1979. The application was advertised before acceptance under proviso to Sec. 20(1) of the Trade and Merchandise Marks Act, 1958 in Trade Mark Journal No. 1020 dated 1st December, 1991. On 17th January, 1992, the respondents opponents lodged notice of opposition raising objection that mark is not registrable under Sec. 9, 11(a), 11(e), 12(1) and 18(1). On 15th May, 1992 the appellants filed their counter statement reiterating that trade mark is used since year 1979 in the first instance by their predecessor in title M/s Sims Laboratories.

3. The opponents lodged their evidence before the Registrar under Rule 53. By an Application In form No. TM 6 on 3rd March, 1993, the applicants has submitted his part evidence with the request to grant two months time for furnishing further evidence which was accepted by the Assistant Registrar. Thus, the applicants were to furnish their evidence in support of their counter statement by 3rd May, 1993. During this period, on 10th July, 1992, the opponents had filed an interlocutory Application. The opponents are registered proprietors of word mark 'AMOXIL.' By this interlocutory application, the opponents brought to the notice of the Registrar that predecessors of the applicants had applied on 5th June, 1979 for registration of word AMOXIL which was amended to 'AMOXIM', the impugned mark, on objection being raised by the Registrar. The amended application for registering word 'AMOXIM' was advertised as application No. 350027. The said application was opposed by one M/s Dolphin Laboratories Private Limited, Calcutta, inter alia, on the ground that the trade mark sought to be registered was deceptively similar to the already existing trade mark AMOXIL in the name of present opponents respondents. That opposition was upheld by the Assistant Registrar vide Order dated 18th December, 1984. By bringing this fact to the notice of the Assistant Registrar, a prayer was made in the interlocutory application that the registration sought for by the applicants be refused. The application raised two fold contentions. Firstly, the findings recorded by the Assistant Registrar that the word AMOXIM is deceptively similar to the trade mark AMOXIL owned by present respondents and is hit by Sec. 11 (a), in earlier proceeding are binding on the applicant on general principles of res judicata. It is not open for the applicants to contend and Assistant

Registrar to reach a different conclusion that it is not deceptively similar. Secondly that applicants are guilty of suppressing material fact about the previous proceedings which disentitled him to grant of registration.

4. This application was resisted by present appellants firstly on the ground that the contentions raised in the interlocutory application touches the merit of applicant's case and deciding such issues by way of interlocutory petition is not permissible particularly when the applicants evidence was yet to be completed in this proceedings. It was contested on merits firstly on the ground that principles of res judicata do not apply to the proceedings under the Trade Mark Act before the Registrar, and secondly on the ground that even if the principles of res judicata applies to the proceedings under the Trade Mark Act, the decision in relation to Application No. 350027, not being between the same parties, opponent not being party in earlier proceedings, would not operate as res judicata in the present proceedings. It was also urged that even otherwise issues raised in both the applications were not identical inasmuch as earlier application was based on the proposed use of a mark in question. The present petition is founded on the basis of user of the mark since 1979 to be precisely since 29th October, 1979 and the entitlement of the petitioner to consider the application under sub-sec. (3) of Section 12 is independent of the finding recorded by the Assistant Registrar in the previous proceedings about the mark being deceptively similar to the mark owned by the opponents. The consideration for registration under Section 12(3) arises only in case the mark sought to be registered is found to be deceptively similar to the existing registered mark. The learned Assistant Registrar rejected the preliminary objections of deciding the application at the stage without completing the evidence by simply referring to the fact that hearing has been fixed in the presence of both the parties and has taken place on 29th March, 1993. Learned Assistant Registrar found that the finding in previous proceedings was governed by the general principles of res judicata. It examined the applicant's case of user since 1979 and rejected the same by holding it to be doubtful on the basis of a statement contained in respect to opponents interlocutory application and by stating that predecessor of the present applicants have assigned the use of the mark to it without goodwill of the business and, therefore, it cannot claim the user of the mark by its predecessor in title. The learned Assistant Registrar held against the applicant under Sec. 12(3) on

the ground that continued user of device after decision of the Assistant Registrar in the previous proceedings against them cannot be considered as honest concurrent user. It also held that the applicants are guilty of suppressing material facts about the earlier refusal of the mark. It is sufficient to allow the interlocutory application.

5. The contentions noticed by the Assistant Registrar have been reiterated before me.

6. Having carefully considered, in the facts and circumstances of the case, I find substance in the contention that the Assistant Registrar ought not to have decided the application on 31st March when he already allowed the applicants to lead their further evidence in support of their application upto 3rd May, 1993. It can justifiably be concluded that the grounds raised and the statements made in interlocutory application were to seek permission to raise additional grounds in support of its opposition. The prayer of dismissing the application for registration was already existing in notice of opposition. Mere fact that on the application for raising additional grounds for opposing registration, the prayer for refusal of application has been made again would not ordinarily entitle the Tribunal to resort to abandon the procedure prescribed for leading of evidence and holding inquiry before it as is required under the Act and Rules and decide upon the application, particularly not on pure question of law but which depended on finding basic facts. For raising plea of res judicata to bar enquiry in any issue again, some basic facts have to be alleged and proved to establish issue substantially in earlier proceedings and findings thereon. Moreover, the principle of res judicata results in binding the parties to earlier finding and investigation in the same issue again at the behest of that party whom the decision binds. But it does not affect the enquiry in other issues arising in subsequent proceedings. They remain to be tried and decided in accordance with law on the basis of finding in earlier lis on that point only. Rules require manner and time frame, subject to extension granted by the Registrar to each party, for leading evidence and hearing of the parties thereafter. In the first instance, opposition is required to tender his evidence under Rule 53 within the time allowed in support of his opposition or to inform in writing about his intention to rely on statements already made. Thereafter, under Rule 54 applicant is required to submit his evidence. On completing the evidence of applicant, who has filed counter statement to opposition,

the opponent gets further opportunity to lead evidence in rebuttal. Rule 55 further enables the tribunal to permit the parties to lead evidence at any stage. Rule 59 also enjoin of giving a notice of date of hearing the arguments in the case to the parties. The minimum time lag required between the date of notice and hearing is one month unless the parties consent to a lesser notice. Thus, it is not given to the Registrar to shorten the period of leading evidence or notice of hearing and decide the application without adhering to time schedule of hearing unless consented by both the parties. It is clear import of Rule 59. On the face of facts recorded in the order under challenge, the Assistant Registrar has not taken recourse to this procedure. The Assistant Registrar decides on valuable rights of the parties and acts as quasi judicial authority. He is required to adopt a fair procedure in conduct of proceedings. Wheree the legislature in its wisdom has provided such procedure to be adhered to for conducting the proceedings before the registrar under the Act, it is not open to such authority constituted under statute to give a go bye to such procedure and evolve his own procedure. Even in the absence of any statutory provision he is required to conduct proceedings which accords with basic norms of natural justice and fair play.

7. It is not a case of non furnishing evidence within the time prescribed under Rules or as allowed by the Registrar which could enable the Registrar to consider the opposition or the application as having been abandoned and decided on the ground. It is not a case of exercising discretion of refusal before advertisement. That discretion vests in Registrar not to advertise the petition at all and refuse at initial stage. Once, Registrar decides to advertise the application before acceptance or after acceptance and by filing of notice of opposition, a lis is instituted, unless it can do so for non-prosecution or non-compliance with the orders of the Tribunal, ordinarily the Assistant Registrar would not be justified in deciding the application itself without completion of the entire procedure of inquiry while considering the application for raising additional grounds in support of opposition to determine validity of this ground in piece meal. On the facts noticed above, it is clear that applicants have not completed their evidence. In fact they have been granted time upto 3.5.1993 to lead evidence. To pre-pone hearing of petition itself, or deciding issues requiring evidence, on reaching of any conclusion about a question of fact before allowing the applicant to avail of opportunity to lead evidence, already granted was a wholesome breach of

principles of natural justice and fair play.

8. The issues which have been decided by the learned Assistant Registrar were not pure questions of law depending on interpretation of provisions of the Act or Rules or on the basis of application of law on admitted facts. But did require determination of questions of fact itself. Assuming that general principle of res judicata applies to the proceedings before the Registrar, the finding that the mark sought to registered is deceptively similar to the already registered trade mark is a finding between the Registrar and the applicant, such fact, being an obligation of the Registrar to consider under Section 11(a), and the applicant is precluded from re-agitating the issue again on the general principle of res judicata, in my opinion, did not put an end to application in this case. Even if the applicants were held not entitled to raise the issue about the fact whether word 'AMOXIM' is deceptively similar the word 'AMOXIL' registered trade mark of opponent, brings his case within the purview of Section 12(1) read with 11(a) of the Act. Section 12(1) itself is subject to provisions of sub-sect. (3) of Sec. 12. The question whether there has been honest and concurrent user by the applicant so as to deserve registration under sub.sec. (3) of Sec. 12 is not a question of law which could be decided on mere assumption that the applicant was not entitled to raise the question about the deceptive similarity of impugned mark in existing registered trade mark. Though prima facie it may lead to inference that the use of mark which has been held deceptively similar to the other mark may ordinarily not amount to honest and concurrent user of the mark. Yet it remains rebuttable presumption of fact to be finally determined only after the parties have led their evidence in accordance with law about user and affording them an opportunity of hearing after completion of evidence as required under the law. It was not the admitted case of the parties that appellant has started using of the impugned mark after they have suffered adverse order in earlier proceedings. Learned Assistant Registrar by pre-poning hearing and pronouncing on the issue of applicants use prior to date fixed for leading evidence on the basis of inconcluded evidence has caused serious prejudice to the applicant. In this connection, some facts need to be noticed at this juncture are that the first application was moved on 5th June, 1979. The application was for registration of word mark AMOXIL. The Registrar has objected to the registration of that mark on the ground that word AMOXIL already stands registered in somebody else name. On such objection, on

4th July, 1979, the applicant had amended his application for registration of word AMOXIL to AMOXIM. The application, after arguing and raising of objection by third party, was rejected more than 5 years later on 18th December, 1984. The application was for proposed use, that is to say, as on 5th June, 1979 or 4th July, 1979 the applicant has not started using of the mark. The applicants have not set up their case of user before these dates. According to case now sought to be set up, he has started using mark AMOXIM since 29th October, 1979. That is to say, after the application was amended to use word AMOXIM in place of AMOXIL. Thus, by the time, the application was decided, on applicant's assertion he was already using the mark for more than 5 years. The question whether he was using mark prior to 1984 since the date claimed by him or not, is certainly not a question which the Assistant Registrar could have decided without permitting the applicants to complete his evidence, for which time had already been granted upto 3rd May, 1993, before the arrival of that date on 31st March 1993 itself. This certainly has prejudiced the case of the appellants.

9. Without going into the details, one thing is certain that what constitute honest user of the mark would vary from case to case depending on facts. The case of putting a mark into use and continuing to use such mark for a long period before it was determined by a competent authority that it was deceptively similar with the existing mark would certainly be not on the same footing as mark put to use and continued to use after such determination of these questions. Non-raising of issue about deceptive similarity by the proprietor of mark anytime prior to filing opposition is also relevant consideration for deciding the issue about honest and concurrent user by the applicant under Section 12(3). Like wise, the question about the assignment of the marks, whether with or without goodwill would not have been determined on the basis of one statement contained in partial evidence led by the applicants. It is well settled that admission of facts are not conclusive but can be explained. The fact that in one of the statements, something has been stated without completion of evidence particularly at the stage when that issue was not the subject matter of interlocutory application could not have called for consideration of the Assistant Registrar to reach a positive finding about the existence or nonexistence of that fact.

10. Thus, in my opinion, the Appeal deserves to succeed on this ground alone and I do not propose to

examine other issues on merits.

11. Accordingly, the Appeal is allowed and the order under appeal to the extent it rejects the application for registration is set aside. The Assistant Registrar is directed to proceed with the application in accordance with law. He shall not be constrained or bound by any opinion expressed in his Order dated 31st March, 1993 to examine the question arising at the time of deciding it afresh. The respondents - opponents shall be permitted to raise the grounds raised in their interlocutory application in support of their notice of opposition. Both the parties shall be afforded opportunity for leading evidence also in respect of facts need to be established on grounds raised in interlocutory application.

p.n.nair